

Message Text

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TO SECSTATE WASHDC 7317

INFO AMEMBASSY BONN

AMEMBASSY LONDON

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E.O. 11652 N/A

TAGS: PINT, ELAB, IT

SUBJ: MINISTER OF LABOR ENTERS FIAT DISPUTE

1. MINISTER OF LABOR BERTOLDI HAS TAKEN INITIATIVE TO RESOLVE FIAT DISPUTE FOLLOWING BREAKDOWN OF TALKS ON OCT. 2. BERTOLDI MET WITH BOTH SIDES OCT. 5 IN VAIN MEDIATING EFFORT, IS SCHEDULED TO MEET WITH FIAT PRESIDENT GIANNI AGNELLI TODAY. ON OCT. 4, FIAT HAD ANNOUNCED THAT 65,000 OF ITS WORKERS (AND 6,000 LANCIA WORKERS) WOULD BE PLACED ON SHORT HOURS (24 HOURS PER WEEK) AND RELEGATED TO WAGE INTEGRATING FUND (CASSA INTEGRAZIONE) FROM OCT. 7 THROUGH END OF JANUARY. HOWEVER,
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BERTOLDI HAS INSTRUCTED TURIN WAGE INTEGRATING FUND OFFICE TO BLOCK FIAT MOVE FOR TIME BEING.

2. ALTHOUGH UNIONS THREATENING STRIKES, IT APPEARS TWO SIDES MAY BE WITHIN REACH OF AGREEMENT. ON OCT. 5, BERTOLDI HAD PROPOSED THAT PRODUCTION DECREASE OF 200,000 UNITS BE ACCOMPLISHED IN SIX RATHER THAN FOUR MONTHS; THAT TWO SIDES MEET ON JANUARY 15 TO VERIFY THEIR AGREEMENT IN VIEW OF PREVAILING MARKET CONDITIONS; AND REDUCTION OF PRODUCTION BE ACCOMPLISHED THROUGH SHUTDOWNS TOTALLING 21 WORKING DAYS, UTILIZING THREE "BRIDGES" BETWEEN HOLIDAYS. UNIONS AGREED, BUT FIAT BALKED AT THIRD POINT, MAINTAINING THAT PRODUCTION HAD TO BE DOWN FOR 32 WORKING DAYS IN ORDER TO ACHIEVE NECESSARY REDUCTION. FIAT ESTIMATED THAT UNDER BERTOLDI'S PLAN, PRODUCTION WOULD BE REDUCED BY ONLY 130,000 UNITS, LEAVING 70,000 UNITS (TYING UP ABOUT 100 BILLION LIRE) TO BE ADDED TO CURRENT BACKLOG OF ABOUT 300,000 CARS (USUAL STOCK IS ABOUT 180,000 CARS).

3. IN SUBSEQUENT DISCUSSIONS, FIAT HAS REDUCED ITS POSITION FROM 32 TO 28 DAY, AND THERE ARE INDICATIONS IT MAY BE WILLING TO SHAVE THIS FIGURE FURTHER. ALTHOUGH SCHEME OF RE-GROUPING ANNUAL LEAVE TO COINCIDE WITH ALL SAINTS, CHRISTMAS AND EASTER HOLIDAY PERIODS, FIAT'S PURPOSES COULD BE ACCOMPLISHED WITHOUT RESORT TO WAGE INTEGRATING FUND.

4. WAGE INTEGRATING FUND IS NATIONAL WAGE SUPPLEMENT SYSTEM RUN BY NATIONAL SOCIAL SECURITY INSTITUTE INPS AND FUNDED LARGELY BY EMPLOYER CONTRIBUTIONS. FOR ELIGIBILITY, WORKERS MUST BE WORKING AT LEAST 24 HOURS PER WEEK. FUND PAYS TWO-THIRDS (OR IN EMERGENCY CONDITIONS, 80 0/0) OF LOST WAGES BETWEEN 24 AND 40 HOURS PER WEEK (TAX-FREE), PAYABLE FOR THREE MONTHS (MINISTER OF LABOR CAN EXTEND BENEFIT PERIOD TO NINE MONTHS). SYSTEM IS DESIGNED TO MINIMIZE LAYOFFS IN FAVOR OF PLACING LARGER NUMBER OF WORKERS ON REDUCED WORK WEEK.

5. COMMENT: SUCCESSFUL RESOLUTION OF FIAT PROBLEM WOULD BE A BOOM TO PROBLEMS BEING FACED BY OTHER INDUSTRIAL SECTORS WHICH TEND TO FOLLOW FIAT'S LEAD.BEAUDRY

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